

(Note: Became effective March 1, 2001)

**Memorandum of Understanding Regarding
Water Transmission System Capacity Allocation
During Temporary Impairment**

This Memorandum is made by and between the following public agencies:

SONOMA COUNTY WATER AGENCY (Agency)
CITY OF COTATI (Cotati)
CITY OF PETALUMA (Petaluma)
CITY OF ROHNERT PARK (Rohnert Park)
CITY OF SANTA ROSA (Santa Rosa)
CITY OF SONOMA (Sonoma)
FORESTVILLE WATER DISTRICT (FWD)
NORTH MARIN WATER DISTRICT (NMWD)
VALLEY OF THE MOON WATER DISTRICT (VOMWD)
MARIN MUNICIPAL WATER DISTRICT (MMWD)
TOWN OF WINDSOR (Windsor)

SECTION 1 - RECITALS

(a) The Sonoma County Water Agency (Agency) was created by California state legislation (Statutes of 1949, Chapter 994 as amended). Under this legislation, the Agency operates and maintains a water transmission system authorized by the Agreement for Water Supply and Construction of Russian River-Cotati Intertie Project between and among the Agency and eight public entities: Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma, FWD, NMWD, VOMWD, dated October 25, 1974 and last amended November 14, 1997 (Tenth Amended Agreement), by means of which water is furnished to the parties thereto. The Agency furnishes water to Windsor pursuant to the application for water service approved on April 1, 1987. Windsor is one of the Agency's "other Agency customers" as that term is defined in the Tenth Amended Agreement. The Agency furnishes water to MMWD pursuant to the Supplemental Water Supply Agreement dated January 25, 1996.

(b) The Agency has proposed a Water Supply and Transmission System Project (WSTSP) for which an environmental impact report was certified by the Agency's Board of Directors on November 17, 1998. The WSTSP was approved by the Agency's Board of Directors on December 15, 1998. The objective of the WSTSP is to provide a safe, economical, and reliable water supply to meet the defined future needs of the Agency's service area. When fully constructed and operational, the WSTSP will increase the amount of water that can be diverted from the Russian River (a combination of re-diversion of stored water and direct diversion of available flows) to approximately 101,000 acre-feet per year, and increase the Agency's water

transmission system (Transmission System) delivery capacity from 92 million gallons per day (mgd) to 149 mgd.

(c) Part 2 of the Tenth Amended Agreement authorizes the Agency to construct or acquire additions and replacements to the existing Transmission System sufficient to meet the delivery entitlements set forth in Section 3.1 and 3.2 of said agreement which amount to an average day during the maximum month delivery capacity of 92 mgd. However, due to delays in implementation, such as litigation and regulatory constraints, all of the facilities authorized by the Tenth Amended Agreement have not been constructed. Limitations exist in the existing Transmission System which may preclude reliable delivery of some of the delivery entitlements enumerated in Sections 3.1 and 3.2 of the Tenth Amended Agreement.

(d) On December 7, 1999 the Board of Directors of the Agency adopted a Resolution No. 99-1564 declaring that the reliable summertime water production capacity of the Transmission System is currently temporarily impaired by being limited to an average monthly capacity of 84 mgd. One of the projects authorized by the Tenth Amended Agreement is Collector No. 6 - a portion of the 20 mgd of collector capacity defined in Section 1 (r) of said agreement. This collector has been designed and environmental documents for it have been prepared and approved pursuant to the California Environmental Quality Act. Other regulatory permits are in the process of being acquired and the project is expected to be placed in service by the summer of 2003. This project and its connecting pipeline are expected to achieve the 92 mgd of delivery capacity of the Transmission System authorized in the Tenth Amended Agreement.

(e) The highest peak demand recorded by the Agency during the summer months of 1999 was 81 mgd. Although year-to-year increases in peak demand are highly variable due to the variability of summer weather, the average annual increase in peak demand historically has been approximately 2 mgd. Due to the temporary impairment of the Transmission System capacity, the water production capacity of the Transmission System may be exceeded during summer months if peak demand continues to increase as it has historically.

(f) Section 3.5 of the Tenth Amended Agreement provides in part that in the event of a temporary impairment of the capacity of the Transmission System the Agency shall:

“first, deliver to each of its regular customers the quantity of water, not in excess of the respective delivery entitlements set forth in sections 3.1 and 3.2, required by it for human consumption, sanitation and fire protection as determined by the Agency after taking into consideration all other sources of potable water then available to said customer;

second, to the extent additional Transmission System capacity is available to the Agency, deliver a quantity of water to the regular customers in proportion to their respective delivery entitlements set forth in section 3.1 and section 3.2 provided, however, that no

regular customer shall receive under these paragraphs "first" and "second" a total quantity of water in excess of its reasonable requirements or its said entitlement, whichever is less; third, to the extent additional Transmission System capacity is available, deliver water to regular customers in excess of their delivery entitlements pursuant to subdivision (a) of section 3.3;

fourth, to the extent additional Transmission System capacity is available, deliver water to Marin Municipal not in excess of the delivery limitations in section 3.12;

fifth, to the extent additional Transmission System capacity is available, deliver surplus water to the water contractors;

sixth, to the extent additional Transmission System capacity is available, deliver surplus water to other Agency customers.”

(g) The Agency has entered into service agreements for the delivery of surplus water pursuant to Section 3.4 of the Tenth Amended Agreement via separate metered turnouts from the Transmission System. The Agency desires to transfer responsibility to provide these water services to the other parties to this Memorandum of Understanding (MOU).

(h) In order to mitigate against drought, earthquakes, spills, temporary impairments and other events impacting the quantity or quality of water available from the Transmission System, and other emergencies that can befall an urban water supply system, it is highly desirable to achieve and maintain standby local peak month production capacity as defined herein of approximately forty percent (40%) of peak demand. The experience of water utilities in coping with severe droughts and water shortages caused by spills of toxic materials, water quality contamination, earthquakes, slides and other unpredictable events has demonstrated that this is a desirable standard.

(i) The implementation of the WSTSP requires an amendment to the Tenth Amended Agreement. An Eleventh Amended Agreement for Water Supply (Eleventh Amended Agreement) to accomplish this purpose has been approved by most of the parties to the Tenth Amended Agreement and is not yet effective as of the effective date of this MOU.

(j) Pursuant to the provisions of Section 2.5 of the Tenth Amended Agreement, the Agency plans to appropriate and distribute funds to the water contractors, Windsor and MMWD for implementing water conservation measures, developing recycled water projects that offset potable water use, and developing standby local peak month production capacity that reduces demand on the Transmission System. As of the date of this MOU, the Water Advisory Committee has approved \$15 million for implementing conservation measures over a 10 year period commencing with Fiscal Year (FY) 1997-98. The Agency has prepared a report dated November 1999 entitled “Preliminary Assessment of Urban Water Reuse, Sonoma County Water

Agency Service Area, Sonoma County and Marin County, California” that identifies \$42 million in potential recycled water projects. Feasibility and environmental studies need to be done for these projects. On February 14, 2000, the Water Advisory Committee approved \$1.3 million for inclusion in the Agency’s FY 2000 - 01 budget for recycled water projects. A recycled water project for FWD estimated to cost \$460,000 is expected to be one of the projects funded from the FY 2000-01 budget allocation.

SECTION 2 - DEFINITIONS

The terms used in this MOU that are defined in Section 1.1 of the Tenth Amended Agreement shall have the meaning set forth in said Section 1.1. In addition, the following terms are defined for this MOU:

- (a) “Eleventh Amended Agreement” means the Eleventh Amended Agreement for Water Supply which was not fully executed as of the date of this MOU but which was approved and has been signed by the following cities and districts: Cotati (Resolution No. 99-57), Rohnert Park (Resolution No. 99-175), Santa Rosa (Resolution No. 24092), Sonoma (approval by motion, August 18, 1999 Regular Meeting), FWD (approval by motion, July 6, 1999 Regular Meeting), NMWD (Resolution No. 99-37), VOMWD (Resolution No. 99-1102).
- (b) “historic peak demand” means the peak demand in mgd measured during a billing month occurring during the summer months of 1993 through 1999.
- (c) “standby local peak month production capacity” means the potable water capacity in mgd that the parties to this agreement, other than the Agency, can reliably produce throughout the summer months from their own facilities.
- (d) “peak demand” means the average day demand in mgd during the maximum use summer month.
- (e) “reasonable requirement” for a given party to this MOU means the historic peak demand of said party on the Transmission System escalated at two percent per year commencing with year 2000, except that for the purposes of calculating NMWD’s reasonable requirement, the historic peak demand for NMWD has been reduced by 1.0 mgd to account for *an* extraordinary event resulting in reduced production from *the* Stafford Treatment Plant in 1997.
- (f) “summer months” means June, July, August and September
- (g) “periods of temporary impairment” means the summer months occurring during the term of this MOU when the Transmission System is capable of delivering at least 84 mgd and no more than 92 mgd in a month as solely determined by the Agency.

SECTION 3 - PURPOSE

The purpose of this MOU is to establish an amended procedure for addressing periods of temporary impairment in order to optimize allocation of the available supply, avoid the necessity for the imposition of the water delivery curtailments prescribed by Section 3.5 of the Tenth Amended Agreement, and set forth the necessary cooperative actions to mitigate or avoid the consequences of periods of temporary impairment. During periods of temporary impairment, the express provisions of this MOU shall supersede conflicting provisions of Sections 3.1, 3.2, 3.3, 3.5 and 3.12 of the Tenth Amended Agreement and, if fully executed, Sections 3.1, 3.2, 3.3, 3.5 and 3.12 of the Eleventh Amended Agreement. Notwithstanding the Eleventh Amended Agreement (should it become fully executed), during the term of this MOU when the Transmission System is incapable of delivering at least 84 mgd in a month, allocation of available supply shall be determined pursuant to the provisions of Sections 3.1, 3.2, 3.3, 3.5 and 3.12 of the Tenth Amended Agreement. Except as expressly superseded by the provisions of this MOU, all other terms and conditions of the Tenth Amended Agreement or, if fully executed, the Eleventh Amended Agreement shall remain in full force and effect.

SECTION 4 - TEMPORARY DELIVERY CAPACITY ALLOCATION

(a) The purpose of this MOU is set forth in Section 3. It is not the intent of this MOU to diminish the delivery entitlements set forth in Sections 3.1, 3.2 and 3.3 of the Tenth Amended Agreement; nor shall expansion of standby local peak month production capacity described in Section 5 of this MOU, or the implementation of water demand reduction measures described in Section 6 and 7 of this MOU diminish said delivery entitlements.

(b) During the term of this MOU, whether or not the Eleventh Amended Agreement is fully executed, each of the parties to this MOU agrees to use its best efforts to limit its demand on the Transmission System during periods of temporary impairment to the applicable rates set forth in Table 1.

(c) During periods of temporary impairment, the parties hereto who take delivery of water in a given summer month billing period in excess of the amounts shown in Table 1 shall pay to the Agency liquidated damages unless such deliveries are less than the delivery entitlements provided for in Sections 3.1, 3.2 and 3.3 of the Tenth Amended Agreement (these limits shall continue to apply during periods of temporary impairment regardless of whether the Eleventh Agreement is fully executed), or in the case of MMWD, the current water delivery limits made available to MMWD pursuant to the terms of the Supplemental Water Supply Agreement dated January 25, 1996 between the Agency and MMWD. In the case of Rohnert Park, should the Water Advisory Committee determine said City has not attained the water meter installation standards described in Section 7 of this MOU, liquidated damages shall apply to all water delivered during the summer months in excess of an average rate of flow of 1.0 mgd measured over the normal monthly billing period commencing with the date that non-compliance is first

determined. The liquidated damages payable pursuant to this sub-section (c) is an amount equal to twenty-five percent (25%) of the Agency's current Operation and Maintenance Charge times the amount of water taken in excess of the amounts shown in Table 1 or, in the case of MMWD and Rohnert Park, the applicable limits as provided for above. The proceeds of any liquidated damages assessed pursuant to this subsection shall be deposited and paid out in the same manner as the proceeds of the Agency's Transmission System Operation and Maintenance Charge. During the time this MOU is in effect, this paragraph shall supersede Section 3.3 (b) of the Tenth Amended Agreement. Furthermore the parties agree that the provisions of Sections 3.1 (c) and (d) of the Tenth Amended Agreement (or Sections 3.1 (c) and (d) of the Eleventh Amended Agreement if fully executed) shall not apply during the 12 month period following the date this MOU is terminated.

Table 1
Allocation of Agency Supply Available During the Summer Months

| | Local Production Capacity, mgd | Average Day in Month Delivery Rate, mgd (a) | | | | | |
|---------------------|--------------------------------|---|------|------|------|------|------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Cotati (b) | 0.4 | 1.2 | 1.2 | 1.3 | 1.8 | 1.9 | 1.9 |
| Petaluma | 1.6 | 14.5 | 14.8 | 15.1 | 15.4 | 15.7 | 16.0 |
| Rohnert Park | 3.9 | 4.8 | 4.8 | 4.8 | 5.2 | 5.3 | 5.3 |
| Santa Rosa | 0.0 | 32.9 | 33.6 | 34.2 | 34.9 | 35.6 | 36.3 |
| Sonoma | 0.8 | 3.1 | 3.2 | 3.2 | 3.3 | 3.4 | 3.4 |
| Windsor (c) | n/a | 1.5 | 1.5 | 1.5 | 1.6 | 1.7 | 1.7 |
| FWD | 0.0 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 |
| VOMWD | 0.7 | 4.4 | 4.5 | 4.6 | 4.7 | 4.8 | 4.9 |
| Other Agency | n/a | 1.4 | 1.4 | 1.4 | 1.5 | 1.6 | 1.6 |
| North Marin Aq. (d) | 4.0 | 19.2 | 18.1 | 16.9 | 21.4 | 21.3 | 20.1 |
| Total | 11.4 | 84.0 | 84.0 | 84.0 | 90.7 | 92.0 | 92.0 |

Notes:

(a) Delivery rates are based on historic peak month demand on the Transmission System plus 2% per year growth.

(b) Local production capacity from 2003 - 2005 is expected to be zero.

(c) Windsor, although an Other Agency Customer, is shown separately. For purposes of voting under Section 4(d), the entitlement assigned Windsor is 0.8 mgd and was determined by prorating the entitlement of Other Agency Customers in proportion to historic peak month demands on the Transmission System.

(d) Apportionment of North Marin Aqueduct water between NMWD and MMWD is governed by an intertie agreement between those two parties (Intertie Agreement between NMWD and MMWD, March 11, 1993).

Water supplied to the North Marin Aqueduct that is made available to MMWD is governed by the Supplemental Water Supply Agreement between the Agency and MMWD dated January 25, 1996.

(d) Table 1 may be amended by the affirmative vote of more than fifty percent (50%) of the total weighted voting power which must be cast by at least seven of the parties to this MOU, or their authorized representatives. For the purpose of this paragraph, all of the parties to the Tenth Amended Agreement, except the Agency, shall have weighted voting power proportional to their water delivery entitlement set forth in Section 3.1 of the Tenth Amended Agreement. The Agency, Windsor and MMWD shall have weighted voting power proportional to 0.8 mgd, 0.8 mgd and 3.8 mgd, respectively. Should the parties hereto that have Table 1 allocations less than

the delivery entitlements provided in Sections 3.1, 3.2 and 3.3 of the Tenth Amended Agreement require more water, same shall be accommodated to the extent that water supplied by the Agency is available. The sum of such increases shall be offset by reductions to parties who have Table 1 allocations greater than their delivery entitlements. The resulting allocation for a regular customer receiving an allocation in excess of their delivery entitlement shall not be less than the reasonable requirement of said regular customer reduced by a factor determined by dividing the total available supply by the sum of the reasonable requirements of all parties. The remaining reduction shall be allocated to the North Marin Aqueduct. During the term of this MOU, if the Eleventh Amended Agreement is fully executed, the delivery entitlements contained in the Tenth Amended Agreement shall nevertheless continue to be used for the purpose of determining Table 1 allocations.

(e) Table 1 does not address limitations in aqueduct capacity. The maximum capacity downstream of Ely Booster is limited and, consistent with the provisions of the Tenth Amended Agreement, flows are subject to detailed operating procedures set by Petaluma, NMWD, MMWD and the Agency. It is the intent of these procedures to preserve the depth of water storage in the Agency's Kastania Tank above 15 feet for the benefit of Petaluma. Maximum capacity downstream of Eldridge Tanks is limited and flows are subject to detailed operating procedures set by Sonoma, VOMWD and the Agency. It is the intent of these procedures to preserve storage in the Agency's Sonoma Tanks and to assure optimal flow and pressure conditions in the Sonoma Aqueduct.

(f) The parties agree that consideration of construction of the following facilities are of the highest priority; and, subject to environmental *review*, funding and all applicable laws and regulations, including the applicable conditions set forth in Section 2.2 of the Tenth Amended Agreement; and, in the case of item 2, subject to the approval of the Eleventh Amended Agreement and all applicable laws and regulations, including the applicable conditions of the Eleventh Amended Agreement, the Agency agrees to use best efforts to cause these planned facilities to be completed so that the following objectives can be met at the earliest possible date:

1. To alleviate shortages in diversion capacity, construction of Collector 6;
2. To alleviate shortages south of Ely Booster Station on the Petaluma Aqueduct, construction of the aqueduct facilities between the Russian River - Cotati Intertie Aqueduct and Ely Booster Station, and
3. To alleviate shortages south of Eldridge Tanks on the Sonoma Aqueduct, construction of the aqueduct segment between Eldridge Tanks and Madrone Road.

In connection with consideration of these three urgently needed improvements, the Agency shall prepare or cause to have prepared, at the earliest possible date, a detailed financial plan including water rate impacts and a detailed implementation schedule.

(g) The parties further agree that it is a high priority to achieve and maintain 20 mgd of standby pump and collector capacity as authorized by the Tenth Amended Agreement, and the

Agency agrees to use best efforts to achieve this objective by completing the necessary facilities at the earliest possible date.

SECTION 5 - STANDBY SUPPLY

(a) The parties hereto agree that the phrase “cost effective water conservation measures that will reduce water demands on the Transmission System” as used in Section 2.5 of the Tenth Amended Agreement includes cost effective water conservation measures, recycled water projects that offset potable water use, and standby local peak month production capacity projects that reduce peak demand on the Transmission System. By November 1 of each year, the parties further agree that the Water Advisory Committee shall approve and report to the Agency which projects are to receive funding support in the subsequent fiscal year’s budget. Said approval will not include the first \$15 million for water conservation measures or the \$1.3 million for recycled water projects which have already been approved by the Water Advisory Committee.

(b) The parties hereto agree to use their best efforts to achieve and maintain standby local peak month production capacity equal to approximately forty percent (40%) of peak month demand if feasible. As of the date of this MOU, the standby local peak month production capacity of the parties hereto is shown in Table 1.

SECTION 6 - WATER DEMAND REDUCTION MEASURES

Each party hereto, except the Agency, agrees to:

(a) Within six months of signing this MOU, join the California Urban Water Conservation Council by becoming a signatory to the “Memorandum of Understanding Regarding Urban Water Conservation in California” and thereby commit to implement Best Management Practices (BMPs) of water conservation as promulgated by said Council as they currently exist or as they may from time to time be revised, subject to and to no extent greater than required by the terms of said memorandum. The Agency has already signed said document and agrees to pay annual membership dues for water contractors.

(b) Within two years of signing this MOU, evaluate and present to its governing board for consideration of adoption, water conservation pricing for retail customers as described in BMP 11. Said evaluation shall include rates and/or charges that target reduction of peak month use.

(c) Within two years of signing this MOU, evaluate and present to its board for consideration of implementation, cost effective recycled water projects that offset existing potable water use. Said evaluation shall consider but not be limited to projects identified in the report prepared by the Agency, dated November 1999, entitled “Preliminary Assessment of Urban Water Reuse, Sonoma County Water Agency Service Area, Sonoma County and Marin County, California”.

SECTION 7 - SPECIAL EFFORTS

In addition to the efforts described in Sections 5 and 6, the parties, as denoted below, agree to:

- Cotati:
1. Accelerate implementation of BMP 5 to July 1, 2001 as it pertains to: (1) offering water use surveys to customers with large landscapes; and (2), providing reference evapotranspiration (ET_o) based water use budget information to customers having dedicated irrigation meters.
- Petaluma:
1. Accelerate implementation of BMP 5 to July 1, 2001 as it pertains to: (1) offering water use surveys to customers with large landscapes; and (2), providing ET_o based water use budget information to customers having dedicated irrigation meters.
- Rohnert Park:
1. Within one year of the effective date of this MOU, complete a plan to retrofit and bill by volume of use all unmetered connections; and, within 2-½ years of said effective date, commence installation of meters pursuant to BMP 4 and thereafter complete ~~to~~ at least 20% of the meter installations on unmetered connections per year, and implement metered billing on all metered connections when the meter installation program is complete or within 5 years of signing this MOU, whichever shall first occur.
 2. Accelerate implementation of BMP 5 to July 1, 2001 as it pertains to: (1) offering water use surveys to customers with large landscapes; and (2), providing ET_o based water use budget information to customers having dedicated irrigation meters.
- Santa Rosa:
1. Accelerate implementation of BMP 5 to July 1, 2001 as it pertains to: (1) offering water use surveys to customers with large landscapes; and (2), providing ET_o based water use budget information to customers having dedicated irrigation meters.
- Sonoma:
1. Accelerate implementation of BMP 5 to July 1, 2001 as it pertains to: (1) offering water use surveys to customers with large landscapes; and (2), providing ET_o based water use budget information to customers having dedicated irrigation meters.
 2. In cooperation with VOMWD, undertake a demonstration project of the feasibility of a service that efficiently operates irrigation time clocks at residential sites.
- NMWD:
1. Accelerate implementation of BMP 5 to July 1, 2001 as it pertains to: (1) offering water use surveys to customers with large landscapes; and (2), providing ET_o based water use budget information to customers having dedicated irrigation meters.
 2. Add one operator shift at Stafford Treatment Plant during the summer months or make improvements to the plant to permit 24 hour per day operation to increase peak month production capacity of the plant.

- VOMWD:
1. Accelerate implementation of BMP 5 to July 1, 2001 as it pertains to: (1) offering water use surveys to customers with large landscapes; and (2), providing ETo based water use budget information to customers having dedicated irrigation meters.
 2. In cooperation with Sonoma, undertake a demonstration project of the feasibility of a service that efficiently operates irrigation time clocks at residential sites.
- MMWD:
1. In cooperation with Las Galinas Sanitary District and subject to all applicable laws, codes and regulations, evaluate the feasibility of expanding the advanced wastewater treatment plant and recycled water transmission and distribution system to deliver approximately 3.0 mgd of recycled water that will offset potable water use.
- Windsor:
1. Accelerate implementation of BMP 5 to July 1, 2001 as it pertains to: (1) offering water use surveys to customers with large landscapes; and (2), providing ETo based water use budget information to customers having dedicated irrigation meters.

The obligations set forth in this section may be amended in the same manner as set forth in Section 4 (d) of this MOU.

SECTION 8 - BUILDING REGULATION AND PLANNING COORDINATION

- (a) The parties to this MOU agree to consult with agencies that have planning and zoning powers within their water service territories in the manner set forth in California Government Code Section 65352.5 in order to promote close coordination and consultation between water supply agencies and land use approval agencies to ensure that proper water supply planning occurs in order to accommodate projects that will result in increased demands on water supplies.
- (b) The parties to this MOU agree to consult with agencies that have building regulatory powers pursuant to the Government Code and Health and Safety Code to promote use of water conservation equipment, fixtures, appliances, devices and techniques.

SECTION 9 - SURPLUS WATER DELIVERIES

- (a) Effective the date of this MOU, the Agency has determined that surplus water shall only be made available to water contractors for their direct use or for delivery to their surplus water use customers at rates and on such terms said water contractors shall solely determine.
- (b) As of the effective date of this MOU, the Agency served 25 surplus water customers. The parties to this MOU agree to cooperate in the permanent transfer of said customers from the

Agency to the party whose corporate territory encompasses the site of a given surplus water customer or whose corporate territory boundary is within two miles of the turnout(s) serving said customer. Should a given surplus customer lie within two miles of more than one party, the parties shall meet and confer with the Agency and by mutual agreement determine who is best suited to take over said surplus customer. Should a given party opt not to take over surplus customers who lie within their corporate territory or within two miles of the boundary of same, then any other party to this agreement whose corporate territory lies within Sonoma County may apply to the Agency to take over said surplus customers. Parties who agree to take on such service shall be known as surplus water providers.

(c) Surplus water providers agree to interrupt delivery of surplus water upon notification by Agency if Agency determines, in its sole discretion, that there exists an immediate or pending problem involving loss of Transmission System storage, inadequate pumping capacity, valid complaint from any party that they are not receiving their appropriate allocation or delivery entitlement as a result of surplus water deliveries, or any other problem impacting the delivery capability of the Transmission System. Surplus water providers shall notify their customers of Agency's right to require such delivery interruptions. Notwithstanding the right of the Agency to notify and cause the interruption of delivery of surplus water, a surplus water provider may also interrupt delivery of surplus water at any time it determines it is necessary or prudent to do so in order to satisfy the demands of its non-surplus water customers; or for water system maintenance, repair, or planned or unplanned outage of any nature whatsoever, including but not limited to a perceived, threatened or actual water shortage. Deliveries of surplus water shall not be deemed to be included as part of the average day maximum month delivery entitlements set forth in Sections 3.1 or 3.2 of the Tenth Amended Agreement, nor are such deliveries included as part of the allocations set forth in Table 1.

SECTION 10 - WAIVER OF RIGHTS

By signing this MOU, the parties do not waive or relinquish any legal or equitable right that they might otherwise have with respect to any of the actions, activities or obligations contemplated by the Tenth or Eleventh Amended Agreements, except to the extent specifically superseded by this MOU.

SECTION 11 - AMENDMENT OF MOU

Except as expressly authorized in Section 4(d), 7 and 14, amendments, revisions or modifications to this MOU shall be in writing and shall be executed by all parties to this MOU.

SECTION 12 - THIRD PARTY CLAIMS

It is not the intent of the parties to this MOU to create any third party beneficiaries. Any failure to perform under the terms of this MOU shall not create any claim or right by any individual or entity not a party to this MOU.

SECTION 13 - ENTIRE AGREEMENT

This writing is intended both as the final expression of agreement between and among the parties hereto with respect to the included terms and as a complete and exclusive statement of the terms of the MOU, pursuant to Civil Code § 1856. No modification of this MOU shall be effective unless and until such modification is evidenced by a writing signed by all parties or, where expressly authorized herein, by the parties' authorized representative.

SECTION 14 - TERM OF MOU

This MOU becomes effective upon the signature by all parties hereto and shall remain in effect until September 30, 2005 unless terminated earlier by a vote of more than fifty percent (50%) of the total weighted voting power which must be cast by at least seven of the parties to this MOU. Voting power shall be the same as defined in Section 4 (d) hereof. For the purposes of this section, votes shall be cast by resolution adopted by the governing board of each voting party and shall be delivered to each of the parties hereto. Extension of this agreement shall require the approval of all the parties hereto.

SONOMA COUNTY WATER AGENCY

By: _____ Date: _____

ATTEST:

Deputy County Clerk

CITY OF COTATI

By: _____ Date: _____

Mayor

ATTEST:

City Clerk

CITY OF PETALUMA

By: _____ Date: _____

Mayor

ATTEST:

City Clerk

CITY OF ROHNERT PARK

By: _____ Date: _____

Mayor

ATTEST:

City Clerk

CITY OF SANTA ROSA

By: _____ Date: _____
Mayor

ATTEST:

City Clerk

CITY OF SONOMA

By: _____ Date: _____
Mayor

ATTEST:

City Clerk

FORESTVILLE COUNTY WATER DISTRICT

By: _____ Date: _____
President

ATTEST:

Secretary

NORTH MARIN WATER DISTRICT

By: _____ Date: _____
President

ATTEST:

Secretary

VALLEY OF THE MOON WATER DISTRICT

By: _____ Date: _____
President

ATTEST:

Secretary

MARIN MUNICIPAL WATER DISTRICT

By: _____ Date: _____
President

ATTEST:

Secretary

TOWN OF WINDSOR

By: _____ Date: _____
Mayor

ATTEST:

Town Clerk